

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December, 2001.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are described in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Loss for the year	<u>3,304,020</u>	<u>303,952</u>

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend for the current financial year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts. They satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require any amount to be written off as bad debts, or render the amount provided for as doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent.

# DIRECTORS' REPORT

## CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and the Company misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group or the Company which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the prior year adjustments as disclosed in Note 20 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

## DIRECTORS

The directors who served since the date of the last report are:

Mirzan bin Mahathir  
Christopher Ho Wing On  
Premilla Ann A/P John David  
Lee Hock Chye  
Ma Chi Chiu  
Yohan A Rajan  
Michael Andrew Barclay Binney (appointed on 27 November, 2001)  
Samuel Yuen Kin (appointed on 27 November, 2001)  
Paul Law Kwok Fai (appointed on 27 November, 2001)  
Hon Tak Kwong (resigned on 27 November, 2001)  
Wong Wai Man (resigned on 27 November, 2001)

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Number of Ordinary Shares of RM1.00 Each				
	1 January, 2001	Bought	Sold	31 December, 2001
<b>The Company</b>				
<b>Direct</b>				
Mirzan bin Mahathir	14,000	-	-	14,000
<b>Indirect</b>				
Christopher Ho Wing On	33,025,580	-	-	33,025,580

Number of Ordinary Shares of HKD2.50 Each				
	1 January, 2001	Bought	Sold	31 December, 2001
<b>Holding Company</b>				
<b>The Grande Holdings Limited</b>				
<b>Direct</b>				
Ma Chi Chiu	78,000	-	-	78,000
<b>Indirect</b>				
Christopher Ho Wing On*	295,067,713	-	-	295,067,713

Christopher Ho Wing On had 100% deemed beneficial interest in the ultimate holding company, The Grande International Holdings Limited, which owned 295,067,713 ordinary shares of HKD2.50 each in The Grande Holdings Limited through its wholly owned subsidiary, Barican Investments Corporation.

## **DIRECTORS' INTERESTS - continued**

By virtue of his interest in the ultimate holding company, Christopher Ho Wing On is also deemed interested in the shares in all its subsidiaries to the extent the ultimate holding company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## **AUDITORS**

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

MIRZAN BIN MAHATHIR

CHRISTOPHER HO WING ON

Dated: 22 April 2002

## STATEMENT BY DIRECTORS

We, MIRZAN BIN MAHATHIR and CHRISTOPHER HO WING ON, being two of the directors of NAKAMICHI CORPORATION BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 49 to 73 give a true and fair view of the state of affairs of the Group and the Company as at 31 December, 2001 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

MIRZAN BIN MAHATHIR

CHRISTOPHER HO WING ON

Dated: 22 April 2002

## STATUTORY DECLARATION

I, ONG TEE CHIN, the officer primarily responsible for the financial management of NAKAMICHI CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 49 to 73 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the	)	
abovenamed ONG TEE CHIN at Kuala	)	
Lumpur in Wilayah Persekutuan	)	
on 22 April 2002	)	ONG TEE CHIN

Before me: Tee Kian @ Tee Sing PPN  
(W193)

Commissioner for Oaths

# AUDITORS' REPORT

To the Shareholders of  
NAKAMICHI CORPORATION BERHAD  
(formerly known as Capetronic Consumer Electronics Holdings Berhad)

We have audited the financial statements set out on pages 49 to 73. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as at 31 December, 2001 and of their results and their cash flows for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.  
No. AF 0103  
Chartered Accountants

Wong Kang Hwee  
No. 1116/01/04(J)  
Partner of the Firm

Dated: 22 April 2002